

1 MR. OXENDINE: Dr. Pepper, I don't have a
2 problem with what he said. I could support the 30s
3 and the 50s, whatever you want. I think there are
4 two things we need.

5 If you are going to deal with designated
6 entities they need to have wireless communications
7 expertise. And secondly we need cooperative
8 business arrangements. Those are two things that
9 are critical whatever size you use.

10 And I would argue that what you could do
11 you could effect in the joint venture area if you
12 had a waiver with regard to cellular participation
13 you could do something.

14 And with regard to ownership if you had a
15 waiver and entertained control you could
16 something. Those are two things. We could be in
17 the same boat.

18 MR. GIPS: I have one more quick question
19 and then we will wrap it up. In the order we have
20 established build out requirements both to make
21 sure the spectrum isn't warehoused and also make
22 sure that access is provided to the largest number

1 of people possible.

2 I am curious to get your perspectives.

3 Mr. Houston raised it at the beginning. What are
4 the proper build out requirements.

5 MR. HOUSTON: As you said I referred to
6 it before and I think I'll restate it and probably
7 sort of add to it a little bit that the build out
8 requirements should be linked to market demand. I
9 think there should be a real linkage between
10 there.

11 And what that says then that you might
12 not be able to establish what I call a general
13 build out requirement. I think depending upon
14 different markets you may have different build out
15 requirements.

16 And because I think at the end of the day
17 the shorter one can demonstrate that they have a
18 viable -- the shorter the period that one can
19 demonstrate they have a viable business
20 propositions they more likely they are to attract
21 capital. And I think the aggregation is somewhat
22 linked indirectly to the lack of being able to

1 demonstrate the -- having a viable business
2 proposition.

3 MR. GIPS: Anybody else want to comment
4 on the build out requirement.

5 MR. RISSMAN: I think as far as the
6 public markets go the point is essentially moot
7 because the market will discipline any company that
8 does not build out aggressively.

9 MR. PEPPER: But what does aggressive
10 mean, I guess, Paul, the number of parties filed
11 petitions for reconsideration saying that a 90
12 percent requirement at the end of a 10-year period
13 raises costs substantially beyond and then there
14 have been a variety of alternatives proposed.

15 What is the point beyond which the market
16 or before which the market would discipline as
17 opposed to in the trade off of adding costs. That
18 last increment.

19 MR. RISSMAN: Well, the only analogy I
20 would cite is analogy of Nextel (phonetic) which
21 because it is approximately -- was approximately
22 six months late in turning on its Los Angeles

1 system was heavily penalized by the market.

2 Nextel (phonetic) has a series of hurdles
3 that it has imposed upon itself to meet in terms of
4 which cities will be turned on when. And these are
5 the kind of things the market is looking for.

6 On the other hand there are other factors
7 that other markets consider important. For example
8 in the United Kingdom the market considers the
9 percentage of the population that you are going to
10 cover by such and such a year to be important.

11 It is all pretty much local factors, but
12 again it is not very quantifiable. Basically if
13 the market thinks that you are doing the right
14 thing in your schedule it will regard you and vice
15 versa. You can't predict.

16 MR. OXENDINE: Are you asking about
17 deliberate warehousing or are you talking about
18 people who just can't that build out because they
19 didn't meet their schedules? What's the question?

20 MR. GIPS: We actually had percentage
21 build out requirements that were just based on a
22 schedule and you had to agree to meet that when you

1 bought the license.

2 We have five minutes left so I would like
3 each person to just go around quickly and give any
4 closing remarks that they have. Start with Al.

5 MR. HOUSTON: In terms of a conclusion or
6 what I would like to close in saying is PCS will be
7 a very capital intensive and highly speculative
8 business. And it's going to be competing for its
9 share of the available capital in the
10 telecommunication market place.

11 We believe that it is going to take news
12 and creative business relationships as I referred
13 to before to build a successful business.

14 I would think that the PCS environment
15 will be different from the cellular and other
16 communication services. And therefore what we
17 recommend is that the Commission be flexible in its
18 rule making in this new market because you really
19 have not faced anything like it before. Exercise
20 flexibility.

21 MR. OXENDINE: I think you know my
22 point. I think that PCS holds some significant

1 opportunities and promise for a lot of people but
2 if designated entities are going to have any play
3 at all it is going to call for some special
4 consideration from the FCC.

5 MR. WILKINS: I think that if the
6 Commission is willing to experience the full
7 benefit of the spectrum that is being auctioned,
8 the Commission should ensure that entrepreneurs
9 have a fair and equitable chance of participating
10 in the development of the spectrum. And I think
11 that the process is needs to be defined in such a
12 way that that opportunity is absolutely ensured.

13 I think the Commission should consider an
14 equity stake as opposed to debt. Somebody
15 mentioned next to me that equity is Socialism and I
16 guess debt is Capitalism. I don't understand that,
17 but that is Wall Street for you.

18 MR. RISSMAN: Just want to say that as
19 far as my position as an equity investor goes I
20 don't particularly care if PCS is equitable. And I
21 don't particularly care if it makes a lot of money
22 for the government.

1 I care if it gives a company that I'm
2 investing in a lot of profit. Now, there are many,
3 many, many opportunities out there to invest in.
4 Thousand upon thousands, and thousands. I don't
5 get paid for having vision. I get paid for
6 spotting money-making opportunities.

7 We bought lots of cable stocks in the
8 fall because we thought it was a good investment.
9 In the information super highway vision, now we
10 look like idiots.

11 So I guess I would just say that if
12 you -- to the extent that you can nurture this
13 technology to make it as profitable as possible, I
14 would.

15 MS. PERETSMAN: I don't bring the
16 prospective from a professional sense of social
17 engineering either. The overlay that I would say
18 in final remarks is that it seems that in order for
19 you to maximize or at least to accomplish one of
20 the goals that you have in front of you, which is
21 to maximize the proceeds that are available to the
22 FCC for this -- or to the government -- resource,

1 that you ought to clear and structure your rules in
2 such a way so that there isn't a lot of what I
3 would call seepage, and whether it is seepage,
4 reorganization, or profiteering that takes place as
5 a result of subsequent transactions.

6 And therefore you might well be mindful
7 as you are structuring the rule making process if
8 there is an ultimate conviction that the number of
9 players who will deem it in their own self-interest
10 to participate in this are going to be limited to a
11 certain number, that perhaps there is a recognition
12 early on that that's an appropriate way to
13 structure the process.

14 As it relates to designated entities and
15 other groups, I would think that within this model
16 there still is some room to be able to achieve a
17 social objective.

18 The fact is that one can't be as
19 optimistic about the up front proceeds, that carve
20 out if you will, will be able to provide to you.

21 MR. ROBERTS: We are fairly enthusiastic
22 about the opportunity that all at the Commission

1 have. We believe if the licenses are properly
2 structured, the capital market will be willing to
3 finance the license acquisition, the build out, and
4 the operation of new PCS networks.

5 We believe that there are markets, large
6 markets that are ready for entry today and that we
7 view the introduction of PCS products and service
8 as very attractive.

9 MR. GIPS: Thank you all very much. I
10 found this session as I'm sure we all did very
11 informative and also quite challenging and
12 certainly painted the contrasts that we needed to
13 address in trying to figure out how to do this
14 allocation location.

15 MR. HALLER: Before you leave let me if I
16 might just give you a little housekeeping here. We
17 have heard a great dealing of information today,
18 but the story is not over at this point. Clearly
19 this is a complex set of issues with widely diverse
20 views and this forum has provided I think a good
21 opportunity for experts to come together and
22 exchange those views and get those views before us

1 as quickly as possible.

2 Few decisions in this are either right or
3 wrong, but they range from favorable to unfavorable
4 depending on this issue.

5 Different decisions provide varying
6 opportunities for economic growth and job creation,
7 and that is what we are trying to find out here.
8 We have heard demand predictions from 17 to 29
9 million. To the extent that our decisions effect
10 that number it is incumbent upon us to know how to
11 maximize those opportunities.

12 PCS has a great potential to make
13 universal service a reality not only for voice
14 communications but for all kinds of enhanced
15 services as well.

16 Some today have told us that 10 megahertz
17 is quite usable; others find it unusable. Some see
18 BTA licenses as unfinanceable; others see them as
19 great opportunities.

20 Some think you have to have really deep
21 pockets in order to get into PCS; others see
22 strategic alliances as providing real opportunities

1 for designated entities.

2 These meetings are going to help us in
3 our decision and to come to decisions in a very
4 rapid manner. Likewise any new thoughts that you
5 want to put on the record can help us make those
6 decisions as well.

7 The Commission has record of moving
8 swiftly to implement narrow band PCS. We are very
9 close to licensing that. Congress gave us auction
10 authority not long ago, and the Commission has
11 already adopted rules implementing that auction
12 authority.

13 The charge of this task force from the
14 chairman and the Commissioners is basically this,
15 get it right, but don't delay it. And I can assure
16 you that is exactly what we are working on. We
17 have staff members throughout the agency devoted to
18 this topic to bring a speedy resolution to it and
19 that is exactly what we intend to do.

20 Now, tomorrow it is going to be I think
21 another very interesting day. It's the next piece
22 of the puzzle. All of us have to work together.

1 Tomorrow we are going to bring the technical people
2 and the spectrum experts together to tell us what's
3 possible, what's on the drawing board and how much
4 spectrum is necessary to do that.

5 I would like to thank all of our
6 panelists today for being here. I would like to
7 thank all of you in the audience for the interest
8 that you have shown in this, and I definitely urge
9 all of you to you come back tomorrow and see what
10 the rest of the picture looks like. With that, I
11 bid you a good evening.

12 (Thereupon, at approximately 5:00
13 o'clock, p.m., the above proceedings were
concluded.)

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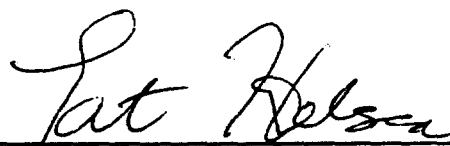


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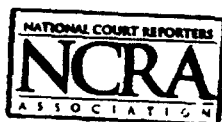
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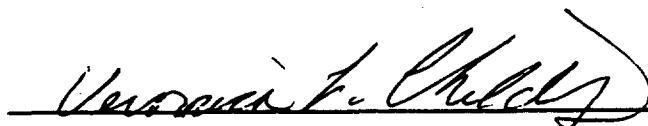
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A handwritten signature in cursive script, reading "Veronica L. Childs", is written over a horizontal line.

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